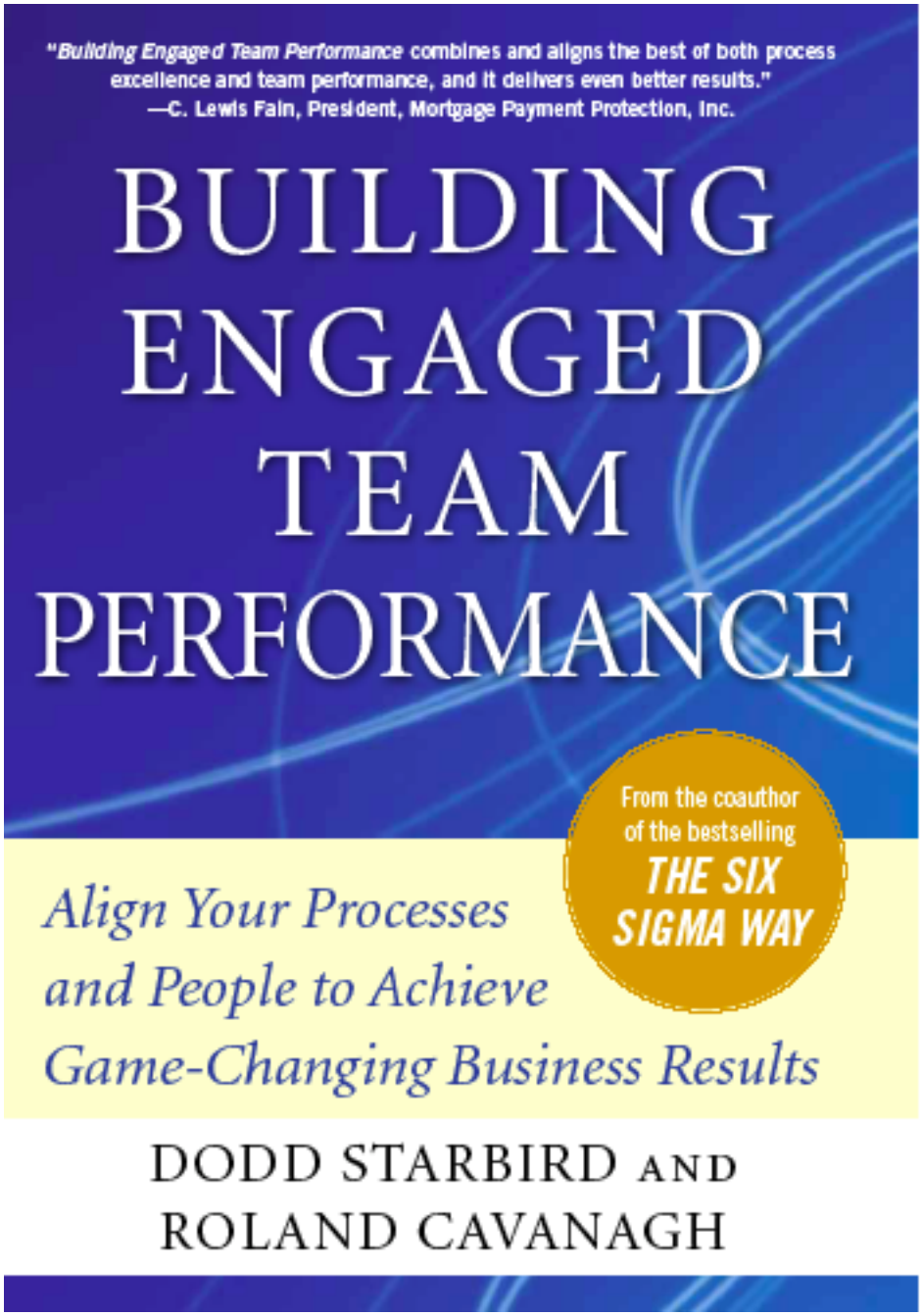
Building Engaged Team Performance:
Align Your Processes and People to Achieve Game-Changing Business Results

Dodd Starbird and Roland R. Cavanagh PE (co-author of *The Six Sigma Way*) have written a new book that will be published in October 2010 by McGraw-Hill.



Building Engaged Team Performance

Process improvement approaches like Six Sigma and Lean Enterprise have worked wonders for countless organizations, but in the drive for true excellence, process change is only one important part of the formula. *Building Engaged Team Performance* explains the next wave of business improvement: driving breakthrough gains by integrating process improvement with "the people side" of performance

Breaking new ground in the world of organizational improvement, performance management expert Dodd Starbird teams up with Roland Cavanagh, coauthor of the bestselling *The Six Sigma Way*, to present a new approach for optimizing processes and aligning them with the efforts of an organization's most valuable asset: people. Combining the principles from Total Quality Management (TQM), Six Sigma, Lean, and Socio-Technical Systems, ETP helps you harness the massive potential of human performance that is not captured by process improvements alone.

The result—Engaged Team Performance—is a groundbreaking, actionable method proven to raise the results a workforce delivers when aligned with the traditional methods of process improvement. Engaged Team Performance has a documented track record of:

- Improving customer satisfaction by 40%
- Increasing worker efficiency by 50%
- Reducing cycle time by 90%
- Saving millions of dollars

Illustrated through a real-life story, *Building Engaged Team Performance* explains how to integrate process and performance into a single method that can *more than double* productivity! In the central example, a team streamlined processes to improve labor efficiency by 17% and then gained another 21% by aligning measures, team goals, and individual performance standards.

Starbird and Cavanagh provide a step-by-step method you can use to achieve similar goals—no matter what industry you work in. Never before have human performance and process improvement been so closely linked in a single, sustainable method. Catch the next wave of business improvement with *Building Engaged Team Performance*.

Dodd Starbird is a managing partner at Implementation Partners with 20 years of global business leadership, process excellence, and performance-improvement experience in consulting, sales, finance, manufacturing, systems, quality, operations, human resources, and distribution management. He lives in Atlanta, Georgia.

Roland Cavanagh, a managing partner of Implementation Partners, brings 35 years of leadership experience to clients in consulting, product design, manufacturing, systems, quality, and operations with industries ranging from energy, utilities, consumer products, retail, software and hardware, to financial services, distribution and medical devices, worldwide. Coauthor of the *The Six Sigma Way, The Six Sigma Way Team Fieldbook*, and lead author of *What is DFSS?*, he lives in Jamestown, Rhode Island.

Engaged Team Performance (ETP) Defined

Building Engaged Team Performance (ETP) is focused on a tactical implementation process for radically improving results for teams of people who deliver a product or service. The book builds upon Lean and Six Sigma process improvement tools but focuses more deeply on the people who do the work, the processes that directly deliver value for the customer, and the managers who lead those teams. The new book includes success stories, some object lessons, and a roadmap to deploy the ETP approach.

This book is all about forming the appropriate combination of the technical and human sides of work. As you'll see, each side holds a key part of the opportunity. Both sides are critical and have to be considered together.

The Need for Engaged Team Performance

Engaged Team Performance is the right approach for optimizing "production" teams – groups of people that share responsibility for delivering some kind of item to some kind of customer, whether in a manufacturing or a transactional/service environment. Production teams can create tangible products, like a checkbook from a printing line or a can of beer from a packaging line, but they can also produce softer yet just as critical deliverables such as processing a claim, serving food at a restaurant, designing a marketing campaign, or scoring points in a basketball game. When you think about it, teams produce almost everything. With such a wide definition, most groups of people in most organizations fall within this description, but there are certainly some "individual

contributor" roles that don't fit the approach as well as others. You'll have to decide how well the description fits for your particular business or organization.

So while a professional golfer may not be the best team example, do you remember the US Olympic Men's Basketball Team of 2004? The team of young NBA all-stars probably had the five most talented players out of the ten men out on the floor for almost every minute of each game that they played in the tournament. Every team they played against was hopelessly outclassed. And there were some fantastic dunks, blocks, and other individual performances as Team USA lost to Puerto Rico, Lithuania, and Argentina on their run to the bronze medal. Ouch.

Wikipedia's analysis:

> *Determined to put an end to these recent failures, USA Basketball has changed its philosophy and has looked to field complete teams instead of piecing together rosters of NBA All-Stars at the last minute… USA won gold… at the 2008 Summer Olympics with a dominant performance. (http://en.wikipedia.org/wiki/United_States_men's_national_basketball_team)*

Basketball teams may need ETP. Work teams at companies certainly need ETP, in manufacturing as well as service industries. Hey, maybe even a golfer and her caddy count as a team too? *All* teams can benefit from Engaged Team Performance!

A Little History

Like many of the methods such as Lean Six Sigma that came before it, Engaged Team Performance (ETP) is not all new. The approach draws heavily from other theories, methods, and tools. But it drives breakthrough gains in results that none of those prior methods can claim to have consistently attained. The secret is that ETP is a *combination* of great work from W. Edwards Deming's Quality movement, Motorola's Six Sigma, and Taiichi Ohno's Toyota Production System (the precursor to Lean Enterprise), with key ideas added from pioneers in employee engagement like Peter Drucker (*Managing in the Next Society*), Jack Stack (*The Great Game of Business*), James Belasco, and Ralph Stayer (*Flight of the Buffalo*).

In short, people have studied the technical side of work and process improvement for more than a hundred years, and we've glossed over equally important work about the psychology of the human worker. Even though the "knowledge workers" that Peter Drucker foresaw now form the majority of the economy, the combination of technical analysis methods with human teamwork and motivation approaches has been haphazard at best, and counter-productive at worst.

ETP combines the technical and human sides of work. Each side holds a critical part of the opportunity, and both sides have to be considered together.

Voice of the Customer

Regardless of the methods used, a firm connection to the customer is essential for properly identifying and implementing just about any kind of improvement. As a component of process improvement methodologies, Voice of the Customer has often become simply a one-time activity within each project. Today companies are creating formal, proactive programs to listen to the customer and act on the information they hear.

In the last few years, greater emphasis has been placed on listening to this VOC through surveys and trend analysis, initially highlighting product and process shortcomings, customer support team (help desk) performance, and health of the relationship. Gradually recognition of the importance of understanding the overall customer experience has evolved from the discovery that a great product or service or an awesome sales team is probably not enough foundation for a long-term relationship.

Engaged Teams have to be focused on performing to meet customer expectations. Processes, activities, measures, goals, and accountabilities that don't support or align with key customer needs are a waste of time and energy. Teams and team members need to care about the customer's needs and experience because customer loyalty is the only real source of long-term job security.

Individual and Team Goals

Call centers are the prime example of an operation with a computer system that allows management a false sense of security by tracking the call center associate's every move. Other new technologies such as global positioning satellite (GPS) transponders in delivery trucks have the same effect: they give great information to management about where employees are. Unfortunately, they don't tell anyone what they are doing or, more importantly, *what they should be doing*; if you measure and reward the wrong behaviors, you get more of them!

Individual goals aren't all bad, but they sometimes cause more problems than they solve.

As we proceed, we'll discuss ways to hold team members individually accountable for their individual performance while driving improved overall results by setting team goals. We dedicate a chapter to measuring individual work standards, which are different from goals because they're based on *actual* current performance capability instead of *desired* performance. Another chapter will discuss the appropriate formation of team goals that are customer-oriented. The book concludes with guidance for senior leaders in how to enable (and not unintentionally <u>disable</u>!) the efforts of engaged teams in their divisions.

The bottom line is that Engaged Team Performance is all about setting and attaining <u>team</u> goals. Otherwise, we'd have called it "Engaged Individual Performance" and marketed it to golfers.

Is it Process or Performance?

The main point of this book is that *we think current productivity gains are only the tip of the iceberg*.

There's a lot more opportunity left out there to harvest. As we've already discussed, we encounter vast productivity potential even in companies who have already studied and improved some processes. And some of the opportunities are still process issues, disconnects between the work and the customer, or simply "the way we've always done it" that hasn't kept up with advances in technology or theory.

But just as many of the opportunities are in *performance* instead of process, and that's where we'd encourage everyone to do some self-examination. When we study a department at a client company, we often find that people are delivering 2 to 3 hours of "productive work" in an 8-hour day.

If you don't believe that, time <u>yourself</u> someday. You'll notice some of the typical process waste in your day, for example answering phone calls about status of your work, waiting at the printer, and double-checking your (or others'!) work. And then between chatting, breaks, lunch, and a little surfing of the internet, you'll find that you can fritter away much of the rest of the day. Ask yourself: what did I actually produce today, and how much work time did that really consume?

We're not saying that people should keep their noses to the grindstone for eight full hours every day, but perhaps five would be reasonable? Seriously, we're happy with five.

More Key Mindset Changes

Many leaders are forced to consider opportunities to cut costs by decreasing their departments' service levels. For example, they may try to save money by promising a 10-day turnaround time instead of a 5-day commitment to customers. When we're asked to help with that kind of thing, it can be a tough conversation for us.

The point seems intuitive, but it's dead wrong. *Faster is cheaper*, and slower is more expensive.

Think of it this way: if you extend the deadline from five to ten days to do a 30-minute task, people will just wait nine days instead of four to start doing the work! The task still takes just as much work time if you do it on day 9 as it did on day 4. It's like gravity — what goes up must come down. Work that comes in must go out. Waiting longer to do a task won't make it easier to do when it actually comes time to do it.

Actually, leaving a customer request sitting for an extra five days just allows people to sort the work a few more times, lets facts and information change, and generates a few

"Where's my _____?" phone calls from the customer that have to be answered. All of that actually takes *extra* time. It's actually *less* efficient to increase the service time!

While leading a technical support team at SAP, Eric Wansong described this same concept quite aptly for his customer support technicians: "We're not making wine here. Support cases do not get better with age; they tend to turn to vinegar."

The best time to do a 30-minute task is in the 30 minutes immediately after it arrives. The best time to work on a quote that arrives today is… today! Lean theorists call this concept *Just in Time (JIT)*. Waiting time is always bad.

GPS Results

Central to this book is the GPS Story. The Group Proposal Services (GPS) department at the Principal Financial Group® creates quotes for group health, dental, life, and disability products. They receive approximately 300 requests for quotes daily from their partners in the field sales force. In 2006, the expected turnaround time (TAT) for producing a quote was 48 hours, and in normal situations the team was able to meet that goal 80-95% of the time, depending on volumes.

In the prior year's "busy season" of 2005 (September-November), however, the team had experienced a drop in their service levels, missing the TAT goal consistently, which was attributed by leaders at the time to the fact that volumes had exceeded their capacity. They wanted to ensure that 2006 turned out better.

The combination of process changes and Engaged Team Performance techniques quickly got the teams to reliably deliver 24-hour turnaround times, and eventually they even started measuring those times in hours instead of days. Customer satisfaction, which had sometimes been a sore spot for the team in the past, dramatically increased.

As time went by, the teams' performance and efficiency kept slowly improving, and as the regular attrition of people moving out of the department for various reasons occurred, those people didn't need to be replaced. A few years later, the process was operating at the same original volume of work, but with 38 people instead of 65, which was a 41% reduction in total labor.

Process streamlining initially drove 17% improvement in labor efficiency, but they gained another 24% from aligning the team performance with the process and the customer. Lean Six Sigma process streamlining tools were essential to getting almost halfway there, but team performance concepts took the process to the next level. Their team eventually reduced overhead (leadership and support infrastructure) in addition to variable labor costs as they made the transition to a more streamlined organization.

And a Refinery Story

While obviously ideal for a "paperwork" process like creating quotes, the book demonstrates that ETP is equally useful in other production environments, as illustrated by a process-focused organizational transformation at an oil refinery in Louisiana.

The burning platform was obvious: to keep one's job the plant needed to stay operating; to keep running it needed to produce at a lower cost per barrel than others. The team's charter was to analyze the numerous transactional processes that operated, maintained, staffed, and replenished the pipes, pumps, and tanks and that tested and shipped the product. Classic Lean process concepts like the Seven Wastes and the design principles were discussed and applied, issues and opportunities surfaced, and streamlined processes emerged. The team settled on a simple operations-maintenance protocol for communicating in real time about vital repairs and for queuing the less critical tasks to a work list. This process was simple, yet effective, at keeping the whole plant producing.

With consistent flow as the plant team goal, a shared understanding of the contribution and impact of each unit, and a real-time visual display of performance in comparison to the goal available to all, the unit teams could now coordinate to deliver continuously. Our refinery viewed its project as the beginning of an adventure—continually looking for opportunities to streamline, flatten, motivate, and improve the efficiency and effectiveness of safely delivering lowest-cost refined oil.

ETP Feels Different

During a tour in 2008, a leader in the Group Proposal Services department explained how ETP feels:

"Well, you might think this is a bad thing, but I spend a half-hour every morning to make sure the metrics are posted and the team sees them. We have a team huddle to discuss the current status, yesterday's performance, and any special situations."

Heads nodded. One person commented, "Yeah, we'd never have the extra time to do that data work."

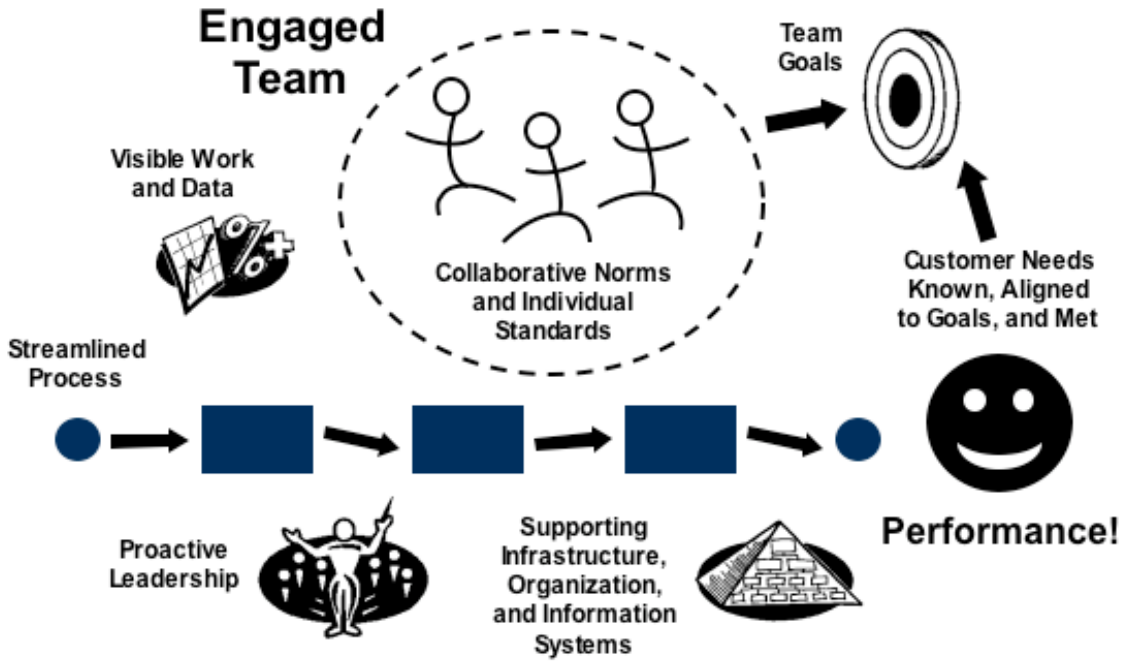
But then the tour guide / leader said, "And after that, I don't have to do anything special to make sure the work gets done. I don't have to check to make sure people are working. I don't have to move resources around. I don't have to baby-sit anything or anybody. The team takes care of the work. The difference is that I spend a half-hour on the metrics and then I get to be proactive all day. I get to spend the day doing my job, interacting with our customers and developing people."

Wow.

Engaged Team Performance Means…

- Capable processes with efficient flow
- Focus to deliver consistently on critical customer requirements
- Visual and available data for immediate decision-making
- The right staffing and resources for sustainable capacity
- Deep personal skills and knowledge, supported by a long-term development plan
- Standards and accountabilities for both team and individual performance
- Fluid Form Organization with norms to support collaboration and flexibility
- Strong, yet engaging leadership that lets the team own the execution
- Team goals (not individual!), and incentives for team success

Integrated in a mutually supporting way, the above attributes help organizations to vastly improve their results, both in effectiveness of performance for customers and efficiency in use of resources. The approach draws upon a core understanding of customers' needs and requires strong, proactive leadership.



The 8-step ETP Deployment Process

1. ***Commit to Change:*** find a burning platform for change
2. ***Measure and Analyze the Process:*** investigate the current process and customer requirements, and measure outcomes and work standards
3. ***Streamline the Work:*** improve the flow of the process to deliver value efficiently
4. ***Make the Work and Data Visible:*** make the new work processes, collaborative norms, and control measures visually obvious in the workplace
5. ***Organize the Team:*** reorganize and right-size the team for the work
6. ***Set Team Goals:*** assess team performance and establish team goals
7. ***Lead the Transition:*** make a rational plan, and develop the skills, tools, systems, and knowledge to move the team to the envisioned future state
8. ***Sustain Engaged Team Performance:*** demonstrate performance over time!

The key to completing the transformation to Engaged Team Performance lies in completely integrating processes, measures, team goals, visual work, collaborative norms, and organization.

In short, Engaged Team Performance is all about combining the concepts of a Lean Six Sigma process with an aligned, flexible organization, applying those principles down to the most critical level of a departmental working team, and sustaining that team to work efficiently and effectively for the customer and the business.

Pick up a copy of Building Engaged Team Performance and start the journey today!

Implementation Partners is a leading provider of innovative change management services. Our proven strategies will help you drive the kind of change that leads to new levels of customer satisfaction, profit, and market leadership.